



Nkandla Municipality
(Registration number KZN 286)
Annual Financial Statements
for the year ended 30 June 2016

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

General Information

Mayoral committee

Executive Mayor

Cllr AT Ntuli - Mayor
Cllr TO Ndelela - Deputy Mayor
Cllr NFJ Nzuza - Speaker
Cllr SO Sibiya - Exco Member
Cllr BZ Mncandi-Mpanza
Cllr BW Sibiya - Exco Member

Councillors

Cllr SA Majola
Cllr BB Ndimma
Cllr SB Manyathi
Cllr BV Khanyile
Cllr BN Buthelezi
Cllr JB Ntuli
Cllr L Ntombela
Cllr SE Mhlongo
Cllr TT Dlamini
Cllr NR Xulu
Cllr FK Magubane
Cllr HR Ntombela
Cllr PR Dlamini
Cllr CM Mthlana
Cllr SV Lushozi
Cllr TF Nxumalo
Cllr BB Domo
Cllr SM Bhengu
Cllr NPN Magubane
Cllr S Buthelezi
Cllr MBE Ntombela

Grading of local authority

2

Accounting Officer

Mr LS Jili

Chief Finance Officer (CFO)

Mr S Ntombela

Registered office

Private Bag x 161
Nkandla
3855
3855

Business address

Maree Road, Lot 292
Nkandla

Bankers

ABSA

Auditors

Auditor General of South Africa

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Index	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8
Accounting Policies	10 - 22
Notes to the Annual Financial Statements	23 - 46
Appendixes:	
Appendix B: Analysis of Property, Plant and Equipment	47

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IMFO	Institute of Municipal Finance Officers
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
INEP	Integrated National Electrification Programme
MIG	Municipal Infrastructure Grant

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the municipality sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 4 to 46, which have been prepared on the going concern basis, were approved by the on 31 August 2016 and were signed on its behalf by:

I also certify that salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office as disclosed in the Annual Financial Statements below are within the upper limits of the framework envisaged in Section 219 of the Constitution, read in conjunction with the Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on page which have been prepared on the going concern basis, were approved by the on 31 August 2016 and were signed on its behalf by:



Mr LS Jili
Acting Accounting Officer

31 August 2016

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
Assets			
Current Assets			
Receivables from non-exchange transactions	8	3 432 305	2 303 924
VAT receivable	10	9 666 057	253 419
Other receivables from exchange transactions	6	-	1 229 763
Receivables from exchange transactions	7	5 985 848	7 076 912
Cash and cash equivalents	11	4 481 813	9 050 757
		23 566 023	19 914 775
Non-Current Assets			
Investment property	3	5 432 507	5 663 995
Property, plant and equipment	4	323 139 683	267 454 793
Intangible assets	5	553 160	920 585
		329 125 350	274 039 373
Total Assets		352 691 373	293 954 148
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	32 213 543	20 107 247
Unspent conditional grants and receipts	12	4 502 980	4 788 143
Provisions	13	30 832	-
		36 747 355	24 895 390
Non-Current Liabilities			
Provisions	13	6 194 563	5 788 849
Total Liabilities		42 941 918	30 684 239
Net Assets		309 749 455	263 269 909
Accumulated surplus		309 749 455	263 269 909

* See Note 36

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	15	7 964 344	8 548 675
Rental of facilities and equipment	16	599 329	750 418
Interest on consumer debtors		1 718 217	1 549 334
Other income	17	4 853 151	564 576
Interest received - investment	18	2 077 041	989 266
Total revenue from exchange transactions		17 212 082	12 402 269
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	19	12 818 076	11 125 412
Transfer revenue			
Government grants & subsidies	21	144 059 550	106 232 683
Total revenue from non-exchange transactions		156 877 626	117 358 095
Total revenue		174 089 708	129 760 364
Expenditure			
Employee related costs	22	(37 334 752)	(31 017 569)
Remuneration of councillors	23	(7 895 971)	(7 488 123)
Depreciation and amortisation	24	(8 975 770)	(6 991 918)
Impairment loss/ Reversal of impairments	25	(89 823)	(1 823 628)
Lease rentals on operating lease	31	(2 846 294)	(1 681 464)
(Debt Impairment)/ reversal of debt impairment	26	(5 580 123)	2 177 284
Repairs and maintenance	49	(3 175 301)	(1 744 436)
Bulk purchases - Electricity	27	(9 655 454)	(10 998 881)
Contracted services	28	(6 390 381)	(5 164 701)
Grant expenditure	20	(4 376 001)	(8 213 158)
General Expenses	29	(41 658 115)	(28 242 647)
Total expenditure		(127 977 985)	(101 189 241)
Operating surplus		46 111 723	28 571 123
Surplus or (Loss) on disposal of assets	47	459 903	(437 324)
Assets written-off		(92 080)	-
		367 823	(437 324)
Surplus for the year from continuing operations		46 479 546	28 133 799
Change in accounting estimates		-	55 131
Surplus for the year		46 479 546	28 188 930

* See Note 36

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2014	251 691 179	251 691 179
Changes in net assets		
Surplus for the year	28 188 929	28 188 929
Prior period errors	(16 610 199)	(16 610 199)
Total changes	11 578 730	11 578 730
Restated* Balance at 01 July 2015	263 269 909	263 269 909
Changes in net assets		
Surplus for the year	46 479 546	46 479 546
Total changes	46 479 546	46 479 546
Balance at 30 June 2016	309 749 455	309 749 455

Refer to Note 36 for prior period errors

* See Note 36

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		20 838 724	18 693 186
Grants		143 774 387	106 232 683
Interest income		2 077 041	989 266
		<u>166 690 152</u>	<u>125 915 135</u>
Payments			
Employee costs		(46 087 087)	(39 694 782)
Suppliers		(57 138 686)	(36 210 595)
		<u>(103 225 773)</u>	<u>(75 905 377)</u>
Net cash flows from operating activities	32	<u>63 464 379</u>	<u>50 009 758</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(68 752 917)	(41 561 135)
Proceeds from sale of property, plant and equipment	4	761 403	-
Purchase of other intangible assets	5	(41 809)	(717 064)
Net cash flows from investing activities		<u>(68 033 323)</u>	<u>(42 278 199)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(4 568 944)</u>	<u>7 731 559</u>
Cash and cash equivalents at the beginning of the year		9 050 757	1 319 198
Cash and cash equivalents at the end of the year	11	<u>4 481 813</u>	<u>9 050 757</u>

* See Note 36

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	14 194 000	(116 000)	14 078 000	7 964 344	(6 113 656)	1
Rental of facilities and equipment	893 000	(395 000)	498 000	599 329	101 329	2
Interest on consumer debtors	-	-	-	1 718 217	1 718 217	
Licences and permits	20 000	(15 000)	5 000	-	(5 000)	3
Other income	12 686 000	(631 000)	12 055 000	4 853 151	(7 201 849)	4
Interest received - investment	1 100 000	100 000	1 200 000	2 077 041	877 041	5
Total revenue from exchange transactions	28 893 000	(1 057 000)	27 836 000	17 212 082	(10 623 918)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	7 794 000	2 386 000	10 180 000	12 818 076	2 638 076	6
Property rates - penalties imposed	409 000	(109 000)	300 000	-	(300 000)	
Transfer revenue						
Government grants & subsidies	143 908 000	(204 000)	143 704 000	144 059 550	355 550	7
Total revenue from non-exchange transactions	152 111 000	2 073 000	154 184 000	156 877 626	2 693 626	
Total revenue	181 004 000	1 016 000	182 020 000	174 089 708	(7 930 292)	
Expenditure						
Employee costs	(37 457 000)	1 388 000	(36 069 000)	(37 334 752)	(1 265 752)	8
Remuneration of councillors	(7 623 000)	-	(7 623 000)	(7 895 971)	(272 971)	
Depreciation and amortisation	(2 585 000)	-	(2 585 000)	(8 975 770)	(6 390 770)	9
Impairment loss/ Reversal of impairments	-	-	-	(89 823)	(89 823)	
Finance costs	(83 000)	50 000	(33 000)	-	33 000	10
Lease rentals on operating lease	(5 000 000)	(500 000)	(5 500 000)	(2 846 294)	2 653 706	
Bad debts written off and Debt impairment	-	-	-	(5 580 123)	(5 580 123)	11
Repairs and maintenance	(10 866 000)	(3 036 312)	(13 902 312)	(3 175 301)	10 727 011	12
Bulk purchases	(16 000 000)	4 000 000	(12 000 000)	(9 655 454)	2 344 546	13
Contracted Services	(7 504 000)	(3 765 000)	(11 269 000)	(6 390 381)	4 878 619	14
Transfer and grants	(830 000)	(420 000)	(1 250 000)	(4 376 001)	(3 126 001)	
General Expenses	(31 494 000)	(2 944 000)	(34 438 000)	(41 658 114)	(7 220 114)	15
Total expenditure	(119 442 000)	(5 227 312)	(124 669 312)	(127 977 984)	(3 308 672)	
Operating surplus	61 562 000	(4 211 312)	57 350 688	46 111 724	(11 238 964)	
Gain on disposal of assets and liabilities	-	-	-	459 903	459 903	
Assets written-off	-	-	-	(92 080)	(92 080)	
	-	-	-	367 823	367 823	

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Surplus before taxation	61 562 000	(4 211 312)	57 350 688	46 479 547	(10 871 141)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	61 562 000	(4 211 312)	57 350 688	46 479 547	(10 871 141)	

(1) The municipality budgeted to generate a revenue of R13,7 million from Service charges - electricity in 2015/16. The variance of R6,1 million can be in the main attributed to 43 percent electricity losses in the 2015/16 financial year.

Moreover, the municipality anticipated that the FET college and the shopping centre would be operational during the 2015/16 financial year which was not the case, thus resulted in undergeneration of electricity revenue.

(2) New lease agreements were signed during the 2015/16 financial year.

(3) Collection is on a need basis and the municipality had an original budget of R20 000 and due to no revenue collected at mid year it was reduced to R5 000.

(4) The municipality incorrectly budgeted for VAT refund of R5,9 million under Other income. Furthermore the municipality budgeted to generate R3,1 million from sale of land however, R100 000 was realised.

(5) This can be attributed to high balances in the call accounts of the municipality.

(6) The budgeted Property rates revenue was based on cash basis instead of billed revenue. Furthermore, new properties were added on the valuation roll during the year belonging to Public Works (Clinics and Schools) in terms of the Section 78 of the MPRA. In the beginning of the year (July 2015) there were new properties added, other properties changed their market values and its use category which resulted in high amount of property rates.

(7) This can be attributed in the main to unspent EPWP Grant with held by National Treasury.

(8) This can be attributed to the acting allowance in the position of the municipal manager as well as the subsistence and travel allowance.

(9) This item was underbudgeted in the 2015/16 financial year.

(10) This was incorrectly classified as Finance charges whilst the municipality was budgeting for bank charges.

(11) The municipality had erroneously omitted to budget for Debt impairment in the 2015/16 financial year.

(12) This can be attributed to the fact that the municipality included in the budgeted Repairs and Maintenance the refurbishment of the traffic unit building expenditure which was capital in nature.

(13) The municipality had anticipated high demand in Bulk purchases due to the Shopping centre and FET College development in town which was not incurred in the 2015/16 financial year.

(14) The municipality had overbudgeted for Contracted services.

(15) This can be attributed to in the main advertising and travelling and accommodation.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Provision for landfill site

The entity has an obligation to rehabilitate its landfill site in terms of its license stipulations. Provision is made for this obligation based on the size / extent of the land to be rehabilitated, the rehabilitation cost per square metre, the monitoring cost per square metre, and the rehabilitation period. Current costs are projected using the average rate of inflation over the remaining period until rehabilitation, and then discounted to their present value to represent the time value of money.

Other provisions

The municipality's other provisions consist of a provision for leave pay and a provision for long service award. Provisions are measured as the present value of the estimated future outflows required to settle the obligation.

Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payments history and risk profile. The municipality firstly assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and collectively for financial assets that are not significant.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.5 Property, plant and equipment (continued)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one accounting period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life in years
Infrastructure	
• Roads and paving	30
• Pedestrian malls	30
• Electricity	20-80
Community	
• Buildings	30
• Recreational facilities	20-30
• Security	5
Other	
• Buildings	30
• Other vehicles	5
• Office Equipment	3-7
• Furniture and fittings	7-10
• Bins and containers	5
• Other items of plant and equipment	2-5
• Landfill sites	15

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.5 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Intangible assets consist of computer software.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.7 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Financial assets at amortised cost.
- Financial liabilities measured at amortised cost.
- Financial instruments at fair value.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.7 Financial instruments (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their components parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value plus in case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to acquisition or issue.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Subsequent measurement

Financial instruments at fair value are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Financial assets and liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. Additional text

For amounts due to the municipality, significant financial difficulties of debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment .

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as financial assets at amortised cost.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.7 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.9 Impairment of cash-generating assets (continued)

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.10 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service. The cost of short-term employee benefits are recognised as expense in the period in which the service is rendered and are not discounted.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.11 Provisions and contingencies (continued)

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

1.12 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments are measured at the value of the contract less amount incurred.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements.

1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.13 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service Charges

Service charges revenue relating to refuse removal is recognised on a monthly basis in arrears by applying the approved tariff.

Service charges relating to electricity are based on consumption. Meters are read on regular basis and revenue is recognised when billed. Provisional estimates of consumption are made when meter readings can not be done. Prepaid electricity is recognised based on the approved tariffs.

Service charges revenue relating to other services is recognised on a monthly basis in arrears by applying the approved tariff.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.14 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expenditure has been incurred and to the extent that any other restrictions have been complied with.

1.15 VAT

The municipality accounts for Value Added Tax on the payments basis.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.16 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.17 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.19 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.21 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.23 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As an organ of state, the municipality is defined as a government institution and therefore is related to all spheres of government (national, provincial and local).

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.24 Events after reporting date

Events after the reporting date that have been classified as adjusting events are accounted for in the annual financial statements. Events after the reporting date that are classified as non-adjusting events are disclosed in the notes to the annual financial statements.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

2016

2015

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	01 April 2015	Not applicable
• GRAP 105: Transfers of functions between entities under common control	01 April 2015	Not applicable
• GRAP 106: Transfers of functions between entities not under common control	01 April 2015	Not applicable
• GRAP 107: Mergers	01 April 2015	Not applicable
• IGRAP 11: Consolidation – Special purpose entities	01 April 2015	Not applicable
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2015	Not applicable
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2015	Not applicable
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2015	Not applicable
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2015	Not applicable

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	01 April 2016	
• GRAP32: Service Concession Arrangements: Grantor	01 April 2016	
• GRAP108: Statutory Receivables	01 April 2016	
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	
▪ DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP	01 April 2016	The impact of the amendment is not material.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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3. Investment property

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	6 955 451	(1 522 944)	5 432 507	6 955 451	(1 291 456)	5 663 995

Reconciliation of investment property - 2016

	Opening balance	Depreciation	Total
Investment property	5 663 995	(231 488)	5 432 507

Reconciliation of investment property - 2015

	Opening balance	Depreciation	Total
Investment property	5 895 722	(231 727)	5 663 995

Pledged as security

There was no investment property pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	102 116 940	-	102 116 940	102 418 440	-	102 418 440
Buildings	13 065 690	(2 393 482)	10 672 208	9 873 034	(2 013 482)	7 859 552
Plant and machinery	2 518 227	(690 557)	1 827 670	1 521 804	(524 455)	997 349
Furniture and fixtures	2 665 456	(1 232 500)	1 432 956	2 428 111	(1 033 838)	1 394 273
Motor vehicles	2 396 666	(1 023 409)	1 373 257	1 613 653	(771 302)	842 351
Computer equipment	2 410 506	(1 369 763)	1 040 743	2 358 051	(1 011 264)	1 346 787
Infrastructure	167 765 111	(28 977 962)	138 787 149	131 305 464	(22 302 831)	109 002 633
Work in progress	64 389 962	-	64 389 962	41 880 496	-	41 880 496
Landfill site	2 892 562	(1 393 764)	1 498 798	2 892 562	(1 179 650)	1 712 912
Total	360 221 120	(37 081 437)	323 139 683	296 291 615	(28 836 822)	267 454 793

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Newly identified assets	Assets written-off	Depreciation	Impairment loss	Total
Land	102 418 440	-	(301 500)	-	-	-	-	-	102 116 940
Buildings	7 859 552	-	-	3 192 655	-	-	(379 999)	-	10 672 208
Plant and machinery	997 349	942 762	-	-	60 130	(455)	(172 116)	-	1 827 670
Furniture and fixtures	1 394 272	350 404	-	-	26 955	(48 143)	(284 651)	(5 881)	1 432 956
Motor vehicles	842 351	783 013	-	-	-	-	(252 108)	-	1 373 256
Computer equipment	1 346 787	138 968	-	-	39 337	(31 964)	(452 386)	-	1 040 742
Infrastructure	109 002 632	1 398 157	-	35 061 491	-	-	(6 591 189)	(83 942)	138 787 149
Work in progress	41 880 496	65 139 613	-	(42 630 147)	-	-	-	-	64 389 962
Landfill site	1 712 912	-	-	-	-	-	(214 114)	-	1 498 798
	267 454 791	68 752 917	(301 500)	(4 376 001)	126 422	(80 562)	(8 346 563)	(89 823)	323 139 683

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Newly identified assets recognised	Prior period error	Other changes, movements	Depreciation	Impairment loss	Total
Land	114 782 440	-	-	-	-	(12 364 000)	-	-	-	102 418 440
Buildings	3 441 333	-	-	4 697 050	-	-	-	(278 831)	-	7 859 552
Plant and machinery	932 336	55 350	(95 206)	-	278 311	-	1 485	(137 698)	(37 229)	997 349
Furniture and fixtures	1 338 109	437 389	(220 274)	-	103 586	-	44 877	(293 990)	(15 425)	1 394 272
Motor vehicles	1 071 734	-	-	-	8 148	-	-	(237 531)	-	842 351
Computer equipment	923 726	942 578	(121 844)	-	142 400	-	7 258	(541 929)	(5 402)	1 346 787
Infrastructure	86 035 551	-	-	26 588 822	3 382 652	(1 079 844)	-	(4 158 976)	(1 765 573)	109 002 632
Work in progress	41 253 709	40 125 818	-	(39 499 031)	-	-	-	-	-	41 880 496
Landfill site	1 927 026	-	-	-	-	-	-	(214 114)	-	1 712 912
	251 705 964	41 561 135	(437 324)	(8 213 159)	3 915 097	(13 443 844)	53 620	(5 863 089)	(1 823 629)	267 454 793

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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4. Property, plant and equipment (continued)

Pledged as security

There was no property, plant and equipment pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

5. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 512 321	(959 161)	553 160	1 654 654	(734 069)	920 585

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Assets written- off	Amortisation	Total
Computer software, internally generated	920 585	41 809	(11 516)	(397 718)	553 160

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software, internally generated	504 587	717 064	1 513	(302 579)	920 585

Pledged as security

There were no intangible assets pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

6. Other receivables from exchange transactions

Prepayments	1 229 763	1 229 763
Less: Provision	(1 229 763)	-
Sundry debtors	-	1 229 763

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
7. Receivables from exchange transactions		
Gross Balances		
Electricity	3 502 950	4 777 752
Sundry	2 503 918	2 065 701
Refuse	5 006 614	4 774 621
Other	1 647 686	1 647 686
	12 661 168	13 265 760
Less: Allowance for impairment		
Electricity	(717 358)	(1 222 052)
Sundry	(2 104 548)	(1 404 544)
Refuse	(3 281 663)	(3 009 857)
Other	(571 755)	(552 395)
	(6 675 324)	(6 188 848)
Net balance		
Electricity	2 785 592	3 555 700
Sundry	399 371	661 157
Refuse	1 724 952	1 764 764
Other	1 075 933	1 095 291
	5 985 848	7 076 912
Reconciliation of allowance for impairment		
Balance at beginning of the year	(6 188 848)	(8 242 497)
Contributions for impairment	(486 476)	2 053 649
	(6 675 324)	(6 188 848)
8. Receivables from non-exchange transactions		
Rates - Gross Balance	5 473 861	5 527 459
Add back : Credit balance in debtors	2 392 103	783 172
	7 865 964	6 310 631
Less allowance for impairment		
Rates	(4 433 658)	(4 006 706)
Net Balances		
Rates	3 432 305	2 303 924
Reconciliation of allowance for impairment		
Balance at beginning of the year	(4 006 707)	(4 130 340)
Contributions to allowance	(426 951)	123 633
	(4 433 658)	(4 006 707)

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
9. Consumer Debtors by Classification		
Consumers		
Current (0-30 days)	118 597	174 722
31-60 days	100 530	171 944
61-90 days	139 234	-
91-180+days	6 295 862	8 962 297
	6 654 223	9 308 963
Business		
Current (0-30 days)	227 788	356 537
31-60 days	163 773	278 215
61-90 days	175 358	-
91-180+days	2 533 429	8 959 487
	3 100 348	9 594 239
State Owned		
Current (0-30 days)	222 024	77 437
31-60 days	140 116	65 628
61-90 days	170 006	-
91-180+days	3 348 088	1 609 625
	3 880 234	1 752 690
Other		
Current (0-30 days)	305 719	-
31-60 days	158 700	-
61-90 days	154 946	-
91-180+days	3 880 926	-
	4 500 291	-
Total		
Current (0-30 days)	874 127	608 697
31-60 days	563 124	515 787
61-90 days	639 545	-
91-180+days	16 058 313	18 748 237
Add back: Credit balances in debtors	2 392 103	783 172
Less: Debt impairments	(11 108 980)	(10 195 555)
Adjustments in corrections	-	197 999
	9 418 232	10 658 337
10. VAT receivable		
VAT	9 666 057	253 419
11. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2 707	-
Bank and cash	4 479 106	9 050 757
	4 481 813	9 050 757

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

2016

2015

11. Consumer debtors disclosure (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA - Primary Bank Account - 4053858355	4 402 554	5 406 879	937 988	4 409 461	5 406 879	(512 632)
ABSA - Call Account - 9104679851	69	438 311	1 749 718	69	438 311	1 749 718
ABSA -MIG Call Account - 9108997407	621	1 992 684	33 957	621	1 992 684	33 957
ABSA -MIG Call Account - 9287118398	1 156	1 094	1 040	1 156	1 094	1 040
ABSA - Conditional Call Account - 9132397071	44 741	43 199	41 914	44 741	43 199	41 914
ABSA - DOE Call Account - 9287118576	12 125	24 085	1 040	12 125	24 085	1 040
ABSA - EPWP Call Account - 9287118801	1 010	236 095	1 040	1 010	236 095	1 040
ABSA - MSIG Call Account - 9287117928	7 677	381 374	1 040	7 677	381 374	1 040
ABSA - FMG Call Account - 9287118110	1 010	525 942	1 040	1 010	525 942	1 040
ABSA - Investment Account - 9287138394	1 156	1 094	1 040	1 156	1 094	1 040
Petty Cash	-	-	-	2 707	-	-
Direct deposit clearing	-	-	-	79	-	-
Cash customer control	-	-	-	1	-	-
Total	4 472 119	9 050 757	2 769 817	4 481 813	9 050 757	1 319 197

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Small Town Rehabilitation Grant	466 266	466 266
Cyber Cadet Grant	88 655	50 408
Financial Management Grant	-	120 616
E-Learning Grant	167 230	167 230
Sport and Recreation Grant	1 122 219	1 122 219
Electrification Grant	640	-
Facility Grant	750 000	750 000
LG SETA	-	210 456
EPWP Grant	-	83 116
Qedisimo Grant	1 447 676	1 447 676
Library Grant	460 294	370 156
	4 502 980	4 788 143

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 21 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

2016

2015

13. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Actuarial (gain)/loss recognised	Interest cost	Service cost	Total
Environmental rehabilitation	4 636 849	303 714	-	-	-	4 940 563
Long service award - short term	-	30 832	-	-	-	30 832
Long service award - long term	1 152 000	(34 000)	(144 000)	97 000	183 000	1 254 000
	5 788 849	300 546	(144 000)	97 000	183 000	6 225 395

Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Environmental rehabilitation	4 432 934	203 915	4 636 849
Provision for long service awards - short term	99 099	(99 099)	-
Provision for long service awards - long term	-	1 152 000	1 152 000
	4 532 033	1 256 816	5 788 849

Non-current liabilities	6 194 563	5 788 849
Current liabilities	30 832	-
	6 225 395	5 788 849

Environmental rehabilitation provision

The provision for rehabilitation of landfill site relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 6.55% over an average period of 5 years.

Long service award provision

In line with the guidelines of the Bargaining Council, the municipality remunerates its employees for the long service rendered to the municipality. The estimates of the present obligation are determined through the use of Actuarial expertise. Such estimates are reviewed annually at the end of each financial year. The finance cost and actuarial gains/losses are recognised directly in the statement of financial performance.

The municipality offers bonuses for every 5 years of completed service from 10 to 45 years. Long service accumulated leave must be taken within one year of receiving such leave or wholly or partially cashed. In most cases employees exercise the option to wholly convert their accumulative leave bonus days into cash.

Key assumptions (%)

Discount rate	9.06%
CPI	6.68%
Salary increase rate	7.68%
Net Discount Rate	1.28%
Mortality	SA85-90
Normal retirement age	63

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
14. Payables from exchange transactions		
Trade payables	19 414 891	11 367 604
Payments received in advanced	3 978 535	3 023 990
Other payables	117 691	543 341
Accrued leave pay	2 552 292	2 861 724
Accrued bonus	823 882	-
Retentions	5 326 252	2 310 588
	32 213 543	20 107 247
15. Service charges		
Sale of electricity	7 340 362	7 775 203
Refuse removal	623 982	773 472
	7 964 344	8 548 675
16. Rental of facilities and equipment		
Premises		
Premises	543 417	689 500
Facilities and equipment		
Rental of facilities	55 912	60 918
	599 329	750 418
17. Other income		
Burial fees	4 911	7 239
Connection fees	4 238 888	209 401
Donations received	126 522	55 995
Housing plan	2 623	-
Library fees	26 180	19 349
Lindela Thusong Services	22 998	21 500
Refunds	5 604	71 568
Temparing fees	20 607	22 268
Taxi and bus licences	14 673	15 172
Tender monies	181 673	30 997
Wood sales	246	1 952
Plan submission	7 429	34 687
Zonning fees	-	10 600
Recoveries from employees	74 040	63 849
Meter testing fees	75	-
Rates clearance certificates	426	-
Electricity meter upgrade	20 228	-
Disconnection fees	6 027	-
Sale of land	100 000	-
	4 853 151	564 576
18. Investment revenue		
Interest revenue		
Interest from current account	928 757	210 437
Interest on investment	1 127 607	775 493
Interest from SARS	20 676	3 335
	2 077 041	989 266

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
19. Property rates		
Rates		
Property rates	18 566 400	23 823 495
Less: Income forgone	(5 748 324)	(12 698 083)
	12 818 076	11 125 412
Valuations		
Agriculture	56 000	56 000
Business	82 525 000	76 590 000
Place of worship	1 870 000	1 870 000
Residential	76 033 000	72 878 000
State trust land	115 590 000	115 590 000
State owned properties	443 140 000	361 708 000
Vacant land	12 652 500	8 090 500
Protected area	11 000 000	11 000 000
Specialised non-market properties	79 630 000	79 630 000
Public service infrastructure	95 000	95 000
Public benefit organisations	11 235 000	11 235 000
Multiple use properties	5 600 000	-
	839 426 500	738 742 500

Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A fixed rate is applied:

Agriculture: 0.0026c in the Rand

Business: 0.0325 in the Rand

Place of worship: 0.0189 in the Rand

Residential: 0.0105 in the Rand

State trust land: 0.0026 in the Rand

State owned properties: 0.0325 in the Rand

Vacant Land: 0.0157 in the Rand

Protected area: Nil

Specialised non-market properties: Nil

Public service infrastructure: Nil

The following rebate rates are applied:

100% of market value of Ingonyama Trust Land

100% of market value residential properties less than R80 000

100% of market value of worshipping properties

First R80 000 on any residential properties

40% of market value less exemption for owners who are eligible pensioners.

20. Grant expenditure

Other subsidies

Transfers and Grants Expenditure	4 376 001	8 213 158
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Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

2016

2015

21. Government grants and subsidies

Operating grants

Equitable share	82 038 000	65 879 000
Expanded Public Works Programme Grant	1 108 115	1 662 583
Financial Management Grant	1 920 616	1 712 624
Municipal Systems Improvement Grant	930 000	934 000
Cybercadet Grant	131 753	213 329
Sports and Recreation Grant	-	-
Library Grant	462 862	249 147
Qedisimo Projects	-	-
LGSETA	280 842	-
	86 872 188	70 650 683

Capital grants

Electrification Grant	34 999 361	4 000 000
Government grant (capital) 11	22 188 001	31 582 000
	57 187 362	35 582 000
	144 059 550	106 232 683

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

In terms of the Division of Revenue Act an amount of R82 242 000 was gazetted to be received. An amount of R82 038 000 was received. The difference of R204 000 was held back.

Small Town Rehabilitation Grant

Balance unspent at beginning of year	466 266	466 266
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Conditions still to be met - remain liabilities (see note 12).

Cyber Cadet Grant

Balance unspent at beginning of year	50 408	113 738
Current-year receipts	170 000	150 000
Conditions met - transferred to revenue	(131 753)	(213 330)
	88 655	50 408

Conditions still to be met - remain liabilities (see note 12).

Municipal Systems Improvement Grant

Balance unspent at beginning of year	-	4 000
Current-year receipts	930 000	930 000
Conditions met - transferred to revenue	(930 000)	(934 000)
	-	-

Conditions still to be met - remain liabilities (see note 12).

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
21. Government grants and subsidies (continued)		
Finance Management Grant		
Balance unspent at beginning of year	120 616	33 240
Current-year receipts	1 800 000	1 800 000
Conditions met - transferred to revenue	(1 920 616)	(1 712 624)
	-	120 616
Conditions still to be met - remain liabilities (see note 12).		
E-Learning Grant		
Balance unspent at beginning of year	167 230	167 230
Conditions still to be met - remain liabilities (see note 12).		
Sport & Recreation Grant		
Balance unspent at beginning of year	1 122 219	1 122 219
Conditions still to be met - remain liabilities (see note 12).		
Electrification Grant		
Current-year receipts	35 000 000	4 000 000
Conditions met - transferred to revenue	(34 999 361)	(4 000 000)
	639	-
Conditions still to be met - remain liabilities (see note 12).		
Facility Grant		
Balance unspent at beginning of year	750 000	750 000
Conditions still to be met - remain liabilities (see note 12).		
Municipal Infrastructure Grant		
Current-year receipts	22 188 001	31 582 000
Conditions met - transferred to revenue	(22 188 001)	(31 582 000)
	-	-
Conditions still to be met - remain liabilities (see note 12).		

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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21. Government grants and subsidies (continued)

LGSETA

Balance unspent at beginning of year	210 456	154 017
Current-year receipts	70 386	56 439
Conditions met - transferred to revenue	(280 842)	-
	-	210 456

Conditions still to be met - remain liabilities (see note 12).

EPWP Grant

Balance unspent at beginning of year	83 115	97 697
Current-year receipts	1 025 000	1 648 000
Conditions met - transferred to revenue	(1 108 115)	(1 662 582)
	-	83 115

Qedisimo Projects

Balance unspent at beginning of year	1 447 676	1 447 676
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Conditions still to be met - remain liabilities (see note 12).

Library Grant

Balance unspent at beginning of year	370 156	84 303
Current-year receipts	553 000	535 000
Conditions met - transferred to revenue	(462 862)	(249 147)
	460 294	370 156

Conditions still to be met - remain liabilities (see note 12).

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
22. Employee related costs		
Basic	22 432 703	20 781 092
Bonus	2 376 820	1 305 542
Medical aid - company contributions	1 157 261	945 204
UIF	218 988	145 729
SDL	336 039	284 888
Leave pay provision charge	68 810	1 202 790
Standby allowance	258 915	-
Pension contributions	2 979 317	2 560 178
Travel, motor car, accommodation, subsistence and other allowances	5 008 956	3 004 270
Overtime payments	596 161	275 048
Long-service awards	288 212	83 978
Acting allowances	1 035 956	-
Housing benefits and allowances	309 666	209 631
Industrial council	27 025	7 899
Cellphone allowance	14 800	-
Group life insurance	225 124	211 319
	38 118 129	31 017 569
Remuneration of Municipal Manager		
Annual Remuneration	739 412	732 468
Travel Allowance	158 440	194 867
Housing Allowance	15 581	90 787
Acting Allowance	404 780	-
	1 318 214	1 018 122
Remuneration of Chief Financial Officer		
Annual Remuneration	191 395	577 828
Travel Allowance	68 266	227 208
Acting Allowance	172 747	34 515
	461 283	839 551
Remuneration of Director of Community Services		
Annual Remuneration	224 749	439 308
Travel Allowance	96 321	188 275
Acting Allowance	50 446	-
	371 516	627 583
Remuneration of Director of Technical Services		
Annual Remuneration	539 147	586 318
Travel Allowance	138 638	125 839
Performance Bonuses	-	28 965
Housing Allowance	52 570	83 892
	730 355	825 014

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
22. Employee related costs (continued)		
Remuneration of Director of Corporate Services		
Annual Remuneration	474 515	276 037
Travel Allowance	168 611	118 302
Performance Bonuses	-	32 862
Other	120 893	-
	764 018	427 201
23. Remuneration of councillors		
Executive Major	782 480	742 963
Deputy Mayor	359 574	340 606
MPAC Chairperson	317 685	301 088
Speaker	359 574	340 606
Councillors	5 060 750	4 836 214
Executive Committee	1 015 908	962 541
	7 895 971	7 524 018
In-kind benefits		
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.		
The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.		
The Mayor has three full-time bodyguards. The Deputy Mayor and speaker have two full-time bodyguards.		
The Executive Mayor has two full-time bodyguards.		
24. Depreciation and amortisation		
Property, plant and equipment	8 346 563	6 457 613
Investment property	231 488	231 727
Intangible assets	397 719	302 579
	8 975 770	6 991 919
25. Impairment of assets		
Impairments		
Property, plant and equipment	89 823	1 823 628
During the physical verification of the assets, certain assets were identified to be in a poor condition and thus an impairment was recognised accordingly.		
26. Debt impairment		
Debt impairment	2 143 187	(2 177 284)
Bad debts written off	3 436 935	-
	5 580 122	(2 177 284)

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
27. Bulk purchases		
Electricity	9 655 454	10 998 881
28. Contracted services		
Information Technology Services	2 754 089	1 641 348
Security services	3 636 291	3 523 353
	6 390 380	5 164 701
29. General expenses		
Advertising	5 699 485	1 968 252
Auditors remuneration	2 003 560	1 261 314
Bank charges	85 620	92 527
Cleaning	182 982	111 527
Commission paid	186 412	-
Computer expenses	-	185 983
Consulting and professional fees	8 675 637	7 988 196
Consumables	41 815	296 739
VAT commission	452 765	884 346
Sport & recreation	3 836 848	1 562 263
Entertainment	117 151	147 454
Fines and penalties	112 979	6 000
Indigent burial	251 800	135 000
Community safety	994 999	163 703
Hire	666 565	-
Insurance	267 310	132 786
Community development	3 465 455	1 865 570
Bursaries	204 813	112 525
Departmental charges	-	3 773 123
IT expenses	-	91 423
Packaging	303 714	203 915
Social services	385 116	59 900
Fuel and oil	1 147 296	923 204
Printing and stationery	397 833	127 381
Library and information services	376 691	118 877
Software expenses	235 252	46 736
Staff welfare	103 661	134 764
Subscriptions and membership fees	522 072	500 100
Telephone and fax	1 353 865	1 204 277
Training	765 728	639 561
Disaster relief	-	21 241
Water	264 665	309 784
Sewerage and waste disposal	483 339	49 679
Uniforms	237 802	192 872
Tourism development	-	155 729
Travelling and accommodation	1 767 334	705 379
Youth development	1 342 771	463 952
Free basic electricity	1 280 174	718 809
Local economic development	2 704 044	887 757
Spatial planning	198 300	-
Provincialisation	116 089	-
Traffic unit	301 703	-
Strategic planning	123 746	-
Other expenses	726	-
	41 658 115	28 242 647

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
30. Auditors' remuneration		
Fees	2 003 560	1 261 314
31. Operating lease		
Expense incurred	2 846 294	1 681 464
Operating leases are in respect of leasing of printing from Nashua and Konica Minolta. Refer to note 33 on additional lease commitment information		
32. Cash generated from operations		
Surplus	46 479 546	28 188 929
Adjustments for:		
Depreciation and amortisation	8 975 770	6 991 918
(Loss) gain on sale of assets and liabilities	(459 903)	437 324
Impairment deficit	89 823	1 823 628
Debt impairment	5 580 123	(2 177 284)
Movements in provisions	436 546	1 471 305
Grant expenditure realised	4 376 000	8 213 158
Other non-cash items	-	3 007 777
Change in accounting estimate	-	(55 131)
Asset written-off	92 077	-
Newly identified assets	(126 423)	(3 915 097)
Changes in working capital:		
Inventories	-	91 423
Receivables from exchange transactions	-	(130 571)
Consumer debtors	(4 489 059)	(749 078)
Other receivables from non-exchange transactions	(1 128 381)	(788 298)
Other receivables from exchange transactions	1 229 763	-
Payables from exchange transactions	12 106 298	7 304 778
VAT	(9 412 638)	(56 779)
Unspent conditional grants and receipts	(285 163)	351 756
	63 464 379	50 009 758

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
33. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Electrification	35 176 677	-
• Infrastructure assets	15 144 886	45 793 369
	50 321 563	45 793 369
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	-	148 621 125
• Electrification	18 000 000	-
	18 000 000	148 621 125
Total capital commitments		
Already contracted for but not provided for	50 321 563	45 793 369
Not yet contracted for and authorised by accounting officer	18 000 000	148 621 125
	68 321 563	194 414 494
Authorised operational expenditure		
This committed expenditure relates to assets and will be financed by available grant funding, retained surpluses, existing cash resources, funds internally generated, etc.		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	1 058 159	1 012 220
- in second to fifth year inclusive	7 149	115 207
	1 065 308	1 127 427
Operating lease payments represent rentals payable by the municipality for vehicles and computer equipment. Leases are negotiated for an average term of three years and rentals of vehicles and computer equipment with contingent rentals payable.		
34. Contingencies		
The Municipal Manager was suspended on full pay by council and the case set on scheduled dates. The findings are not yet finalised by the presiding officer. The amount of the potential claim when the municipality loses the case will be the salary for his remaining contract term amounting to R849 868.		
35. Related parties		
As a local government entity (being a municipality) we are defined as an organ of state and as such is a related party to national, provincial and local spheres of government and their related entities.		
Related party transactions		
Purchases from (sales to) related parties		
Eskom SOC Limited	8 474 878	10 998 881
Grants & Subsidies received		
National Treasury (Gazetted through DORA)	142 152 000	105 770 207
Provincial Allocations	607 387	462 476

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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36. Prior period errors

1. Through detailed review and reconciliation of the trade payables account balance, the municipality discovered that some of the audit adjustments processed during 2015 financial year audit were already processed on the General Ledger resulting in duplicate transaction being processed. Consequently the trade payables account balance was understated and the suppliers age analysis did not reconcile to the General Ledger as a result.

2. During the detail review and reconciliation of the assets register, the municipality noted certain properties that are not registered in its name were included in the fixed asset register as at 30 June 2015. These properties have now been derecognised.

3. Through detailed review and reconciliation of the consumer account balances, the municipality discovered that rebates or reversal journals on all Municipality properties for the June 2015 Billing were only effected during July 2015 period. Consequently Trade receivables account balance was overstated as at 30 June 2015.

4. Through assessment of the long service award estimates the municipality noted that the employee data utilised in determination of the actuarial estimates was mistated and incomplete resulting to material mistatement of the long service award liability.

5. Through detailed review and reconciliation of the Work in Progress account balance; the municipality noted that certain capital projects completed in prior years were not capitalised on completion and transfered from Work in Progress. This error resulted to overstatement of the Work in Progress account balance and understatement of depreciation charged in in the prior, Accumulated depreciation and Infrastructure account balance.

6. The municipality discovered that retention liability in respect of certain capital projects from the previous financial year was not recognised during 2015 financial year. This error resulted to under-statement of the retention liability, Work in Progress and Input VAT accrual.

The effect of the errors on the prior year balances is reflected below:

Statement of financial position

Trade payables	(919 931)
Property Plant and Equipment-Land	(12 364 000)
Trade and other receivables	(1 277 502)
Provision - long service award	(968 923)
Work in progress	(3 315 717)
Property Plant and Equipment-Infrastructure	4 075 880
Retention	(2 102 709)
Vat	262 701
Opening Accumulated Surplus or Deficit	16 610 199

	Previously reported	Adjustment	Restated Balance
Trade payables	(10 447 730)	(919 931)	(11 367 661)
Property Plant and Equipment	279 058 629	(11 603 836)	267 454 793
Trade and other receivables	3 581 426	(1 277 502)	2 303 924
Provision - Long Service Award	(183 077)	(968 923)	(1 152 000)
Retention	(207 879)	(2 102 709)	(2 310 588)
Vat	(9 283)	262 702	253 419
Accumulated Surplus	-	16 610 199	16 610 199
	271 792 086	-	271 792 086

Statement of Financial Performance

Depreciation expense	-	594 546
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Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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37. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Statement of financial position

Provision/Accrued-accumulated leave days	-	2 861 724
Trade payables from exchange transactions	-	(2 861 724)
Non current liability	-	1 254 000
Current liability	-	(1 254 000)

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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38. Risk management

Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Current liabilities

Trade and other payables from exchange transactions	32 996 920	20 107 247
Unspent conditional grants	4 502 980	4 788 143
Provision long service award	30 832	-
	37 530 732	24 895 390

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Consumer debtors comprise of a large number of ratepayers dispersed across different sectors and geographical areas. Management evaluated credit risk relating to customers on an ongoing basis. Credit exposure is managed by application of the municipality's policies regarding credit control and debt collection. The municipality has made a provision for doubtful debts in accordance to its policies. The carrying amount of financial assets is the maximum exposure to credit risk in relation to these assets.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2016	2015
Trade and other receivables from exchange transactions	5 985 848	7 076 912
Trade and other receivables from non-exchange transactions	3 432 305	2 303 924
Cash and cash equivalents/bank balances	4 481 813	4 496 863

39. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

40. Events after the reporting date

The new Council was successfully elected on the 3rd of August 2016 after the General Local Government Elections..

41. Unauthorised expenditure

Current year movement - actual expenditure exceeds budget	3 308 672
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Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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42. Fruitless and wasteful expenditure

Opening Balance	328 119	176 905
Fruitless and wasteful expenditure current year not condoned	53 070	143 254
Interest charged on Eskom Account - Current Year (not condoned)	26 481	7 960
	407 670	328 119

Fruitless and wasteful expenditure is as a result of penalties/late payments of interest charged by SARS, Telkom and Eskom.

43. Irregular expenditure

Opening balance	45 969 730	30 766 117
Add: Irregular Expenditure - current year	14 677 472	15 078 725
Additional Irregular Expenditure - current year (not condoned)	-	124 888
	60 647 202	45 969 730

44. In-kind Services

The Mayor, Deputy Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the council.

The office bearers have use of Council leased vehicles for official duties.

The Mayor has four full-time body guards. The Deputy Mayor and Speaker have two full-time bodyguards.

The salaries, fringe benefits and allowances payable to councillors, as disclosed in note-23, are within the limits as determined by the MEC for Cooperative Governance and Traditional Affairs.

45. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	502 576	500 000
Amount paid - current year	(502 576)	(500 000)
	-	-

Audit fees

Opening balance	17 942	-
Current year subscription / fee	2 003 560	1 261 314
Amount paid - current year	(1 925 508)	(1 243 372)
	95 994	17 942

PAYE and UIF

Opening balance	46 052	-
Current year subscription / fee	6 492 786	4 439 419
Amount paid - current year	(6 621 467)	(3 968 683)
	(82 629)	470 736

Nkandla Municipality

(Registration number KZN 286)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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45. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Current year subscription / fee	7 057 897	5 648 212
Amount paid - current year	(7 057 897)	(5 648 212)
	-	-

VAT

VAT receivable	9 666 057	253 419
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All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

There were no Councillors who had arrear accounts outstanding for more than 90 days at 30 June 2016:

46. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the annual financial statements.

Various items were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the council who considered them and subsequently approved the deviation from the normal supply chain management regulations. The deviations for 2016 amounted to R3 477 234 (2015- R14 047 818).

47. Surplus / (Loss) on disposal of asset

Surplus / (Loss) on disposal of assets	459 903	(437 324)
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48. Electricity Distribution Losses

Electricity distribution loss in rand value	4 231 510	1 195 151
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The electricity losses in units for 2016 - 3 864 457 (Kwh). This constituted a 43% loss which is above the norm of 13%-15%

49. Repairs and Maintenance

The statement of financial performance includes:

Repairs & Maintenance - Vehicles	550 248	443 213
Repairs & Maintenance - Building	553 687	867 828
Repairs & Maintenance - Plant Machinery and Other Equipment	6 752	9 570
Repairs & Maintenance - Infrastructure	2 064 614	423 823
	3 175 301	1 744 434

Appendix B

Analysis of property, plant and equipment as at 30 June 2016 Cost/Revaluation Accumulated depreciation

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Assets written-off	Closing Balance	Opening Balance	Newly Identified assets	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings														
Land (Separate for AFS purposes)	102 418 440	-	(301 500)	-	-	-	102 116 940	-	-	-	-	-	-	102 116 940
Landfill Sites (Separate for AFS purposes)	2 882 562	-	-	-	-	-	2 882 562	(1 178 650)	-	-	(214 114)	-	(1 393 764)	1 498 798
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	105 311 002	-	(301 500)	-	-	-	105 009 502	(1 178 650)	-	-	(214 114)	-	(1 393 764)	103 616 738
Infrastructure														
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, Wi-Fi infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	131 305 464	1 398 156	-	35 081 492	-	-	167 785 112	(22 302 831)	-	-	(6 591 189)	(83 942)	(28 977 862)	138 787 150
	131 305 464	1 398 156	-	35 081 492	-	-	167 785 112	(22 302 831)	-	-	(6 591 189)	(83 942)	(28 977 862)	138 787 150
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2016

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Assets written-off	Closing Balance	Opening Balance	Newly Identified assets	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets														
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	1 613 653	793 013	-	-	-	-	2 396 666	(771 302)	-	-	(252 108)	-	(1 023 410)	1 373 256
Plant & equipment	1 521 804	942 767	-	-	-	(455)	2 404 111	(524 455)	60 130	-	(172 116)	-	(636 441)	1 827 670
Computer Equipment	2 358 001	136 966	-	-	-	(31 904)	2 463 063	(1 011 254)	38 337	-	(452 386)	-	(1 424 513)	1 040 742
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	2 428 111	350 404	-	-	-	(48 144)	2 730 371	(1 033 638)	26 955	-	(284 651)	(5 881)	(1 297 416)	1 432 956
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	9 873 034	-	3 192 656	-	-	-	13 065 690	(2 013 482)	-	-	(379 869)	-	(2 393 481)	10 672 209
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	41 680 495	65 139 613	-	(42 830 147)	-	-	64 389 962	-	-	-	-	-	-	64 389 962
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	59 875 149	67 354 760	3 192 656	(42 830 147)	-	(80 693)	57 611 856	(6 364 341)	125 422	-	(1 841 269)	(5 881)	(5 775 050)	80 736 798

Appendix B

Analysis of property, plant and equipment as at 30 June 2016

	Cost/Revaluation						Accumulated depreciation							
	Opening Balance	Additions	Disposals	Transfers	Revaluations	Assets written-off	Closing Balance	Opening Balance	Newly identified assets	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

Appendix B

Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation						Accumulated depreciation							
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	114 782 440	-	(886 000)	-	-	-	113 896 440	-	-	-	-	-	-	113 896 440
Landfill Sites (Separate for AFS purposes)	2 892 562	-	-	-	-	-	2 892 562	(965 535)	-	-	(192 703)	-	(1 158 238)	1 734 323
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	117 675 002	-	(886 000)	-	-	-	116 789 002	(965 535)	-	-	(192 703)	-	(1 158 238)	115 830 763
Infrastructure														
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	70 529 956	130 500	-	4 014 465	-	-	74 674 921	(9 877 768)	-	-	(2 952 087)	(1 674 641)	(14 514 476)	60 160 445
	70 529 956	130 500	-	4 014 465	-	-	74 674 921	(9 877 768)	-	-	(2 952 087)	(1 674 641)	(14 514 476)	60 160 445
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	30 804 035	3 252 150	-	3 013 246	-	-	37 069 431	(5 420 672)	-	-	(1 194 442)	(93 443)	(6 708 557)	30 380 874
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	30 804 035	3 252 150	-	3 013 246	-	-	37 069 431	(5 420 672)	-	-	(1 194 442)	(93 443)	(6 708 557)	30 380 874

Appendix B

Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation						Accumulated depreciation							
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Motor	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	1 605 505	8 146	-	-	-	-	1 613 651	(533 772)	-	-	(237 531)	-	(771 303)	842 350
Plant & equipment	1 352 852	278 311	(259 784)	-	-	-	1 371 379	(520 402)	173 600	-	(48 512)	-	(395 314)	976 065
Computer Equipment	2 195 341	1 084 978	(922 267)	-	-	-	2 358 052	(1 264 358)	900 425	-	(541 929)	(5 402)	(1 911 264)	1 346 786
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	2 403 467	540 601	(515 930)	-	-	-	2 428 138	(1 065 378)	281 327	-	(180 581)	(21 013)	(865 646)	1 442 512
Office Equipment	171 486	55 350	(76 411)	-	-	-	150 425	(71 602)	61 708	-	(20 625)	(37 229)	(87 746)	82 677
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	5 175 984	-	-	4 697 050	-	-	9 873 034	(1 734 651)	-	-	(278 831)	-	(2 013 482)	7 859 552
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work In progress	41 253 709	38 285 810	-	(19 937 920)	-	-	59 601 599	-	-	-	-	-	-	59 601 599
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	54 188 364	40 253 198	(1 774 382)	(15 240 870)	-	-	77 386 300	(8 190 164)	1 317 050	-	(1 308 009)	(63 644)	(8 244 757)	72 151 543

Appendix B

Analysis of property, plant and equipment as at 30 June 2015 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	117 675 002	-	(886 000)	-	-	-	116 789 002	(965 536)	-	-	(192 703)	-	(1 158 239)	115 630 763
Infrastructure	70 529 956	130 500	-	4 014 465	-	-	74 674 921	(9 877 769)	-	-	(2 962 067)	(1 674 641)	(14 514 478)	60 160 446
Community Assets	30 804 035	3 252 150	-	3 013 246	-	-	37 069 431	(5 420 672)	-	-	(1 194 442)	(93 443)	(6 708 557)	30 360 874
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	54 158 364	40 253 198	(1 774 382)	(15 240 870)	-	-	77 396 300	(5 190 164)	1 317 060	-	(1 308 009)	(63 644)	(5 244 757)	72 151 543
	273 167 357	43 538 848	(2 660 382)	(8 213 169)	-	-	308 928 664	(21 464 140)	1 317 060	-	(5 657 221)	(1 831 728)	(27 628 028)	278 303 625
Agricultural/Biological assets														
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	937 589	717 064	-	-	-	-	1 654 653	(433 002)	-	-	(225 945)	-	(658 947)	995 706
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	937 589	717 064	-	-	-	-	1 654 653	(433 002)	-	-	(225 945)	-	(658 947)	995 706
Investment properties														
Investment property	6 955 451	-	-	-	-	-	6 955 451	(1 059 729)	-	-	(222 861)	-	(1 282 590)	5 672 861
	6 955 451	-	-	-	-	-	6 955 451	(1 059 729)	-	-	(222 861)	-	(1 282 590)	5 672 861
Total														
Land and buildings	117 675 002	-	(886 000)	-	-	-	116 789 002	(965 536)	-	-	(192 703)	-	(1 158 239)	115 630 763
Infrastructure	70 529 956	130 500	-	4 014 465	-	-	74 674 921	(9 877 769)	-	-	(2 962 067)	(1 674 641)	(14 514 478)	60 160 446
Community Assets	30 804 035	3 252 150	-	3 013 246	-	-	37 069 431	(5 420 672)	-	-	(1 194 442)	(93 443)	(6 708 557)	30 360 874
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	54 158 364	40 253 198	(1 774 382)	(15 240 870)	-	-	77 396 300	(5 190 164)	1 317 060	-	(1 308 009)	(63 644)	(5 244 757)	72 151 543
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	937 589	717 064	-	-	-	-	1 654 653	(433 002)	-	-	(225 945)	-	(658 947)	995 706
Investment properties	6 955 451	-	-	-	-	-	6 955 451	(1 059 729)	-	-	(222 861)	-	(1 282 590)	5 672 861
	281 088 397	44 352 912	(2 660 382)	(8 213 169)	-	-	314 539 738	(22 946 871)	1 317 060	-	(5 165 027)	(1 831 728)	(29 597 536)	284 972 192